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2 June 1982

NIO/W Contribution to the Watch CommitteeFalklands:

The Argentine junta apparently has decided that an "honorable defeat" of the Stanley garrison is preferable to surrender or a ceasefire on British terms before the final battle. Galtieri is seeking to avert a public backlash by promoting the rationalization of an "unequal battle" against the combined power of Britain and the US. The regime is also positioning itself to accept Soviet and/or Cuban military assistance for long-term resistance to British occupation of the islands. The Argentines probably will at least freeze relations with the US, and a diplomatic break and reprisals against US and British citizens and firms remain possible.

Iran-Iraq:

Iranian spokesmen continue to warn that their forces may invade Iraqi territory to compel Baghdad to meet Tehran's conditions for peace and to replace Saddam Hussein with an "Islamic government." The Syrians will tacitly support an Iranian move to oust Saddam, and there is some chance that they will attempt to install a client regime in Baghdad. Iran is also increasing pressure on the Gulf states to withdraw support from Iraq. The Khomeini regime's ambitions to establish political hegemony throughout the Gulf area and to play a major role in Arab affairs are becoming more evident. The Iranians will interpret the readiness of Saudi Arabia and its Gulf allies to pay Iran substantial war reparations as vindication of Iran's power and pretensions.

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